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DEPARTMENT PLEASE PASS TO NSC FOR ADAM STERLING

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SUBJECT: BY THE HUNGARIANS, FOR THE HUNGARIANS, AND WITHOUT
THE HUNGARIANS: THE PERCEPTION AND REALITY OF DEMOGRAPHIC
TRENDS IN HUNGARY

Classified By: P/E COUNSELOR ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

¶1. (C) Few preconceived notions are as closely held than the Hungarian obsession with their declining numbers. With the memory of Trianon never far away, the prospect of losing identity as well as territory is alarming to many Hungarians. So alarming, it seems, that the facts may not get in the way of public opinion or political attacks.

NOW DISAPPEARING NEAR YOU!

¶2. (C) GoH officials up to and including PM Gyurcsany have expressed concern over the perception of brain drain from Hungary, a consideration which often colors their views of exchange and investment opportunities. Most Hungarians will tell you that the best and the brightest are leaving the country for opportunities abroad, often expressing concern over the perceived influx of foreign laborers as well. For many, this represents an unexpected - and unwanted - by-product of EU membership.

¶3. (C) The government and the opposition have clashed on the question of immigration policy of late, with FIDESZ alleging that a government study plans to promote the immigration of up to one million workers from "an unidentified Asian country. Although the Central Statistical Office assures us that the figure appears to have been cherry-picked from a government study which extrapolates the current arrival of 18,000 immigrants a year to one million by 2050, the exchange clearly struck a nerve. (Comment: One colleague in the diplomatic community confessed to asking in a staff meeting with his local staff if this "wasn't the way Hungary was settled in 896 - by Asians migrating to the Carpathian basin?" None laughed. End Comment.)

LOW MOBILITY ...

¶4. (C) In reality, the picture may not be so dire. Statistics provided by a think-tank in Szeged indicate that less than 10 percent of Hungarians have ever - or would ever - live abroad. This compares with nearly two-thirds of the work force in some other European countries. Our British colleagues tell us that Hungarians rank at the bottom of their list of foreign workers in the UK, and an executive of one international head-hunting firm in Budapest tells us that her company "only wishes we could find more Hungarians willing to take jobs abroad." Despite the demand for professionals in key sectors, she has found Hungarians reluctant to move "even within the country" and far more likely to work on limited projects abroad rather than longer-term assignments. Low rates of foreign language fluency, often estimated below one-third of the population, impose a further limit on options for long-term relocation abroad.

AND LOWER BIRTHRATES

15. (C) That said, even if few Hungarians are leaving the country there are still fewer of them here. The national birth-rate is still far below replacement rates, with the average non-Roma Hungarian woman having only 1.3 children (compared with 3.0 for Roma women). Demographic shifts, primarily toward areas around large cities such as Budapest, Debrecen, and Szeged, are leaving many rural communities to die on the vine. Although there are fewer Hungarians of working age, Laszlo Hablicsek of the Central Statistical Office believes that Hungarian social policy continues to limit the number of citizens in the work force through subsidized education, early retirement, and prolonged maternity leave. As a result, Hungarians have among the shortest career spans in Europe, while less than forty percent of the population supports the rest.

16. (C) With opinion polls indicating a rise in anti-foreign sentiment, the average Hungarian (who is, statistically speaking, a 38 year-old man living with a partner and child and closely watching his money) may see the worst of all possible worlds evolving: fewer Hungarians enjoying fewer privileges in Hungary, more foreigners on the way, and ethnic Hungarians perceived as "isolated" as minorities in neighboring countries. Privately echoing comments made by an opposition MP, Minister of Culture and Education Istvan Hiller described the "disappearance" of 50,000 Hungarians a year as the country's "biggest challenge."

PERCEPTION DRIVES THE DEBATE ...

17. (C) This challenge could present the opposition with a target of opportunity. Concerned by the Gyurcsany

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government's perceived attempts to centralize power, FIDESZ has painted elements of the government's reform program as an attempt to marginalize localities, where the opposition scored significant gains in the 2006 local elections and which still represent their cherished image of "traditional Hungarian values." These appeals could play well given polling data showing that over 60% of respondents are concerned over the nation's "moral decline."

ACROSS THE BORDER?

18. (C) Comment: Political scientist Tamas Magyarics suggests that these perceptions could invite the opposition to revive its press to extend citizenship to all ethnic Hungarians, a scenario newly-appointed head of Hungary's National Council on Foreign and Security Policy Laszlo Valki describes as "divisive and dangerous." Although the Gyurcsany government would likely resist these efforts consistent with its preference for engagement with neighboring capitals, others including President Solymos and Parliamentary Speaker Szili continue to make the rounds of ethnic Hungarian communities, most recently during the March 15 holiday. Moreover, the prospect of regional friction may do little to dissuade the opposition as it searches for ways to challenge the government. As Hablicsek noted, the facts can inform the debate on issues ranging from local administration to health care reform, but "only if the politicians choose to listen." End Comment.

FOLEY